MT LEGISLATIVE HISTORY

Chapter 760 1991

Bill H 832 S _____ Original bill & hist. ✓C

H. Committee on Taxation		S. Committee on Taxation	
Hearing Date(s) Mar 14	✓C	Hearing Date(s) Apr 06	✓C
Mar 22	✓C	_____	___C
_____	___C	_____	___C
_____	___C	_____	___C
Date Out Mar 22	✓C	Apr 08	✓C

Did this bill originate in an interim committee? ___Yes ___No

Committee _____ Report _____

4/08	HEARING		
4/08	COMMITTEE REPORT—BILL CONCURRED		
4/13	2ND READING CONCURRED	48	0
4/15	3RD READING CONCURRED	48	0
	RETURNED TO HOUSE		
4/19	SIGNED BY SPEAKER		
4/20	SIGNED BY PRESIDENT		
4/20	TRANSMITTED TO GOVERNOR		
4/25	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 633	EFFECTIVE DATE: 4/24/91	

HB 831 INTRODUCED BY J. BROWN
STANDARDS FOR CHEMICAL DEPENDENCY PROGRAMS
BY REQUEST OF DEPARTMENT OF INSTITUTIONS

2/13	INTRODUCED		
2/13	REFERRED TO HUMAN SERVICES & AGING		
2/14	FIRST READING		
2/14	FISCAL NOTE REQUESTED		
2/18	FISCAL NOTE RECEIVED		
2/19	FISCAL NOTE PRINTED		
2/22	HEARING		
2/23	COMMITTEE REPORT—BILL PASSED		
2/26	2ND READING PASSED	89	10
2/27	3RD READING PASSED	98	2
	TRANSMITTED TO SENATE		
2/27	REFERRED TO PUBLIC HEALTH, WELFARE & SAFETY		
3/04	FIRST READING		
3/18	HEARING		
3/19	COMMITTEE REPORT—BILL CONCURRED		
3/23	2ND READING CONCURRED	48	0
3/25	3RD READING CONCURRED	48	0
	RETURNED TO HOUSE		
4/03	SIGNED BY SPEAKER		
4/03	SIGNED BY PRESIDENT		
4/03	TRANSMITTED TO GOVERNOR		
4/08	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 393	EFFECTIVE DATE: 10/01/91	

HB 832 INTRODUCED BY ELLISON, ET AL
ALLOCATE GROSS PROCEEDS TAX AND
METAL MINES LICENSE TAXES

2/13	INTRODUCED		
2/13	REFERRED TO TAXATION		
2/14	FIRST READING		
2/18	FISCAL NOTE REQUESTED		
2/18	FISCAL NOTE RECEIVED		
2/19	FISCAL NOTE PRINTED		
3/14	HEARING		
3/23	COMMITTEE REPORT—BILL PASSED AS AMENDED		
4/03	2ND READING PASSED	88	10
4/03	ON MOTION RULES SUSPENDED TO ALLOW 3RD READING THIS DAY		
4/03	3RD READING PASSED	87	13
	TRANSMITTED TO SENATE		
4/04	FIRST READING		
4/04	REFERRED TO TAXATION		
4/06	HEARING		
4/08	COMMITTEE REPORT—BILL CONCURRED AS AMENDED		
4/09	2ND READING CONCURRED	45	0
4/10	3RD READING CONCURRED	50	0

	RETURNED TO HOUSE WITH AMENDMENTS		
4/12	2ND READING AMENDMENTS CONCURRED	96	0
4/13	3RD READING AMENDMENTS CONCURRED	94	2
4/18	SIGNED BY SPEAKER		
4/19	SIGNED BY PRESIDENT		
4/19	TRANSMITTED TO GOVERNOR		
4/22	RETURNED TO HOUSE WITH GOVERNOR'S AMENDMENTS		
4/23	2ND READING GOVERNOR'S AMENDMENTS CONCURRED	95	0
	TRANSMITTED TO SENATE		
4/23	2ND READING GOVERNOR'S AMENDMENTS CONCURRED	49	0
4/24	3RD READING GOVERNOR'S AMENDMENTS CONCURRED	48	0
	RETURNED TO HOUSE		
4/25	SIGNED BY SPEAKER		
4/26	SIGNED BY PRESIDENT		
5/02	TRANSMITTED TO GOVERNOR		
5/16	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 760	EFFECTIVE DATE: 10/01/91	

HB 833 INTRODUCED BY LEE, ET AL.

REVISE WATERCRAFT LAWS; REVISE MARINE NOISE, SAFETY, AND SEWAGE LAWS

2/13	INTRODUCED		
2/13	REFERRED TO FISH & GAME		
2/14	FIRST READING		
2/14	FISCAL NOTE REQUESTED		
2/19	HEARING		
2/21	TABLED IN COMMITTEE		
3/09	COMMITTEE REPORT—BILL PASSED AS AMENDED		
3/12	2ND READING PASSED AS AMENDED	69	28
3/14	3RD READING PASSED	70	29
	TRANSMITTED TO SENATE		
3/15	FIRST READING		
3/15	REFERRED TO FISH & GAME		
3/16	FISCAL NOTE RECEIVED		
3/19	FISCAL NOTE PRINTED		
3/21	HEARING		
3/27	COMMITTEE REPORT—BILL CONCURRED AS AMENDED		
4/01	2ND READING CONCURRED	45	4
4/02	3RD READING CONCURRED	42	8
	RETURNED TO HOUSE WITH AMENDMENTS		
4/10	2ND READING AMENDMENTS NOT CONCURRED	96	1
4/12	FREE CONFERENCE COMMITTEE APPOINTED		
4/18	FREE CONFERENCE COMMITTEE REPORT NO. 1		
4/19	2ND READING FREE CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	84	12
4/19	3RD READING FREE CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	83	16
	SENATE		
4/16	FREE CONFERENCE COMMITTEE APPOINTED		
4/18	FREE CONFERENCE COMMITTEE REPORT NO. 1		
4/19	2ND READING FREE CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	49	0
4/20	3RD READING FREE CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	47	0
4/25	SIGNED BY SPEAKER		
4/25	SIGNED BY PRESIDENT		

HOUSE BILL NO. 832

INTRODUCED BY ELLISON, ELLIOTT

IN THE HOUSE

FEBRUARY 13, 1991	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
FEBRUARY 14, 1991	FIRST READING.
MARCH 6, 1991	ON MOTION, ADDITIONAL SPONSORS ADDED.
MARCH 23, 1991	COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.
MARCH 25, 1991	PRINTING REPORT.
APRIL 3, 1991	SECOND READING, DO PASS.
	ON MOTION, RULES SUSPENDED. BILL PLACED ON THIRD READING THIS DAY.
	THIRD READING, PASSED. AYES, 87; NOES, 13.
APRIL 4, 1991	ENGROSSING REPORT.
	TRANSMITTED TO SENATE.

IN THE SENATE

APRIL 4, 1991	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
	FIRST READING.
APRIL 8, 1991	COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT ADOPTED.
APRIL 9, 1991	SECOND READING, CONCURRED IN.
APRIL 10, 1991	THIRD READING, CONCURRED IN. AYES, 50; NOES, 0.
	RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

APRIL 12, 1991	RECEIVED FROM SENATE.

	SECOND READING, AMENDMENTS CONCURRED IN.
APRIL 13, 1991	THIRD READING, AMENDMENTS CONCURRED IN.
	SENT TO ENROLLING.
APRIL 17, 1991	REPORTED CORRECTLY ENROLLED.
APRIL 18, 1991	SIGNED BY SPEAKER.
APRIL 19, 1991	SIGNED BY PRESIDENT.
	DELIVERED TO GOVERNOR.
APRIL 22, 1991	RETURNED FROM GOVERNOR WITH RECOMMENDED AMENDMENTS.
APRIL 23, 1991	SECOND READING, GOVERNOR'S AMENDMENTS CONCURRED IN.
	IN THE SENATE
APRIL 23, 1991	SECOND READING, GOVERNOR'S AMENDMENTS CONCURRED IN.
APRIL 24, 1991	THIRD READING, GOVERNOR'S AMENDMENTS CONCURRED IN.
	IN THE HOUSE
APRIL 24, 1991	SENT TO ENROLLING.
	REPORTED CORRECTLY ENROLLED.

INTRODUCED BY House BILL NO. 832

Ellison

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOCATING 20 PERCENT OF AN INCREASE IN GROSS PROCEEDS TAX TO THE LOCAL GOVERNMENT UNIT IN WHICH THE ORE WAS LOCATED; ALLOCATING THE APPLICABLE METAL MINES LICENSE TAX TO THOSE COUNTIES IDENTIFIED AS EXPERIENCING IMPACTS IF AN IMPACT PLAN HAS BEEN PREPARED; AMENDING SECTIONS 15-37-117 AND 90-6-404, MCA; AND PROVIDING A RETROACTIVE APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 90-6-404, MCA, is amended to read:

"**90-6-404. Allocation of taxable valuation for local taxation purposes.** When property of a large-scale mineral development is subject to the provisions of 90-6-403, the increase in taxable valuation must be allocated by the department of revenue as follows:

(1) Twenty percent of the total increase in taxable valuation of the gross proceeds must be allocated to the local government unit in which the ore was located.

~~(1)~~(2) The ~~total~~ remaining increase in taxable valuation of the mineral development must be allocated between affected counties and affected municipalities according to the following formula based on the place of residence of mineral development employees:

(a) A portion, not to exceed 20%, to affected municipalities, based on that percentage of the total number of mineral development employees that reside within municipal boundaries. The taxable valuation allocated to affected municipalities must be distributed to each municipality according to its percentage of the total number of mineral development employees who reside within municipal boundaries. That portion of the taxable valuation distributed to a municipality pursuant to this section is subject to the same county mill levy as other taxable properties located in the municipality.

(b) The remaining portion of the taxable valuation must be distributed to each affected county according to its percentage of the total number of mineral development employees that reside within the county.

~~(2)~~(3) The ~~total~~ increase in taxable valuation equal to that subject to subsection (2) must be distributed pro rata among each affected high school district according to the percentage of the total number of mineral development high school students that reside within each district.

~~(3)~~(4) The ~~total~~ increase in taxable valuation equal to that subject to subsection (2) must be distributed pro rata among each affected elementary school district according to the percentage of the total number of mineral development

INTRODUCED BILL HB 832

elementary school students that reside within each district."

Section 2. Section 15-37-117, MCA, is amended to read:

"15-37-117. Disposition of metalliferous mines license taxes. (1) Metalliferous mines license taxes collected under the provisions of this part are allocated as follows:

(a) to the credit of the general fund of the state, 58% of total collections each year;

(b) to the state special revenue fund to the credit of a hard-rock mining impact trust account, 1.5% of total collections each year;

(c) to the state resource indemnity trust fund, 15.5% of total collections each year;

(d) to the county, or proportionally to the counties, identified as experiencing fiscal and economic impacts under an impact plan for a large-scale mineral development prepared and approved pursuant to 90-6-307 or, if no impact plan has been prepared, to the county in which the mine is located, 25% of total collections each year, to be allocated by the county commissioners as follows:

(i) not less than 40% to the county hard-rock mine trust reserve account established in 7-6-2225; and

(ii) all money not allocated to the account pursuant to subsection (1)(d)(i) to be further allocated as follows~~, except--that-more-than-one-entity-may-share-an-allocation-if a-jurisdictional-revenue-disparity-is-identified-pursuant-to subsection-(2)~~:

(A) 33 1/3% is allocated to the county for planning or economic development activities;

(B) 33 1/3% is allocated to the elementary school districts within the county that have been affected by the development or operation of the metal mine; and

(C) 33 1/3% is allocated to the high school districts within the county that have been affected by the development or operation of the metal mine.

(2) When an impact plan for a large-scale mineral development approved pursuant to 90-6-307 identifies a jurisdictional revenue disparity, the county shall distribute the proceeds allocated under subsection (1)(d) in a manner similar to that provided for property tax sharing under Title 90, chapter 6, part 4.

(3) The department shall return to the county in which metals are produced the tax collections allocated under subsection (1)(d). The allocation to the courty described by subsection (1)(d) is a statutory appropriation pursuant to 17-7-502."

NEW SECTION. **Section 3. Retroactive applicability.** [This act] applies retroactively, within the meaning of 1-2-109, to all large-scale mineral developments required to comply with 90-6-307 that did not have an impact plan

approved pursuant to 90-6-307, as of December 31, 1990.

-End-

STATE OF MONTANA - FISCAL NOTE
Form BD-15
In compliance with a written request, there is hereby submitted a Fiscal Note for HB0832, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act allocating 20 percent of an increase in gross proceeds tax to the local government unit in which the ore was located; allocating the applicable metal mines license tax to those counties identified as experiencing impacts if an impact plan has been prepared; and providing a retroactive applicability date.

FISCAL IMPACT:

The proposal has no effect on state expenditures or revenues.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

The proposal reallocates the increase in gross proceeds taxable valuation by giving 20% to the local government unit in which the ore is located. The remainder of the increased taxable valuation is to be distributed among elementary and high school districts according to current law. Because the department possesses no information or assumptions on increases in future taxable valuation, quantification of this redistribution is not possible.

The proposal reallocates that portion of the metalliferous mines license tax which is distributed to counties (25%). Under current law the county portion is distributed exclusively to the county (ies) in which the mine is located. The proposal allows the portion to be distributed to the county (or among the counties) experiencing fiscal and economic impacts that has an approved impact plan. Because there is no information on future impact plans or the counties to which they may apply, this possible redistribution cannot be quantified.

Rod Sundsted 2-18-91
ROD SUNDSTED, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

Orval S Ellison 2/19/91
ORVAL S. ELLISON, PRIMARY SPONSOR DATE

Fiscal Note for HB0832, as introduced

HB 832

in the first year is $22,000 and an ongoing cost of $3,000 for each year there after. Although they can not predict public acceptance of each new program, it could be two full years before the check offs would retrieve the money to implement it. DOR has no funding to offset the debt that would be created.

Ms. Rippingale gave the committee a copy of the DOR check off program. **EXHIBIT 6** There are currently four programs.

DOR believes the tax return in a tax booklet should be limited to the purpose of informing our customers about their tax requirements and use it as a vehicle to calculate and collect the tax only. Adding check offs is contrary to their interests in simplifying the tax reporting forms and procedures. It also sets a precedence that we do not want to see expanded. There is also a diminishing use of the check off. HB 796 allows the DOR to deduct administrative costs but it does not grant them spending authority. This is not an effective way to raise the funds.

Questions From Committee Members:

REP. THOMAS asked **REP. BECK** how the Legacy Legislature program is funded currently. **REP. BECK** said it is funded by volunteer contributions.

Closing by Sponsor:

REP. BECK said the intent of the Legacy Legislature is a good one. We have a growing number of senior citizens, and it is good to have this type of program in place. He urged the committee's support.

HEARING ON HB 832

Presentation and Opening Statement by Sponsor:

REP. ELLISON, House District 81, McLeod, stated HB 832 is an attempt to change the Hard Rock Impact Act. Currently, there is no provision in the law for the county that has an ore body under it, but the mine is located in another county. All of the impact is on the county where the facilities are. Counties that have the ore bodies underneath their land and do not receive any revenue out of it are angry.

The Hard Rock Impact Act is complicated. Most Legislators haven't come into contact with it unless they have a mine located in their district. He provided some proposed amendments. **EXHIBIT 7,8,9**

Proponents' Testimony:

Carol Ferguson, Hard Rock Impact Bureau, stated HB 832 deals with two laws and it ties into a third. The Hard Rock Impact Act deals with increased cost from a large scale mineral development

to local governments. The process used in the Act is that the mineral developer prepares an impact plan to identify the need for services and facilities in the local governments. If the impact identifies that there will be increased costs in a county, town, or school districts, which does not include the mine in its tax base, it triggers another action.

Under the Impact Act, all the increased net operating cost have to be paid by the mineral developer either through grants or tax prepayments. A company can only prepay taxes to a jurisdiction to which its is a taxpayer. If you have increased costs in a school district that doesn't include the mine and identify this in the impact plan, that triggers the Tax Base Sharing Act.

The Tax Base Sharing Act states that the taxable evaluation of the mineral development is gross proceeds of real property and equipment. The taxable evaluation of mineral development, under current law, is allocated to the county, town, and the school districts where the mine employees live.

HB 832 states that 20% of the gross proceeds should be reserved to the jurisdiction where the ore body is located. Sometimes the county, school district, or elementary district, where the ore body is located, is not going to have any increased cost, its not going to have increased employees, or an increased number of students; but the ore body may be extracted and be producing revenue which will go somewhere else. Once this happens then the existing provisions of the Tax Base Sharing Act are triggered. All of the mill facility taxable value, equipment valuation, and 80% of the gross proceeds are subject to the Tax Base Sharing Act. They are then allocated to where the employees reside or where the mine employee students reside.

The other part of HB 832 deals with the allocation of the Metal Mines tax revenue which is the state revenue where 25% goes back to the county where the mine is located. Where the mine is located in more than one county, the DOR has no direction in current law about how to divide up the money.

The Metal Mines Tax Allocation was enacted by the Legislature primarily for the purpose of helping local governments deal with the impacts of mine closure. HB 832 says that the Metal Mines allocation will go to the county where the mine is located unless there is an impact plan; in which case, it will go to the county where the impacts will occur.

REP. BROWN, Butte-Silver Bow, stated that early in the session, several legislators discussed those pieces of legislation that affected the Hard Rock Impact Act.

The problem in Lincoln and Sanders Counties was described as the ore body is located in Sanders County and the mine in Lincoln County. Most of the impact is located in Lincoln County. If things are left the way they are, it would appear that the

impacts will not fall out proportionally to the distribution of the tax funds.

If HB 832 passes, the Legislature will be making a policy decision that the county containing the ore body in gets 20% because the ore is located in that county regardless of impacts. The county where the ore body lies should get some taxable revenue for the fact that the ore is in the county. The balance of the revenue is split based on the tax sharing provisions if there is any impacts in Sanders County.

The latter portion of HB 832 is a counterbalance. It says that the county where the impact is most felt needs to be taken care of. This bill is about fairness, equitable distribution, and decent treatment for all involved.

Bill Donahue, Superintendent, Libby Public Schools, stated that he is supporting HB 832 with reservations. Lincoln County has been involved with the Hard Rock Impact Act and they have been comfortable with it. It is his understanding that the Legislature established laws for mining in the state which made the mines offset the costs of the impacts that you make on the workers, cities, and schools. The problem that exists, currently, is that the mine is located in one county and the ore is located in another. In Lincoln and Sanders County such is not the case. He supported the bill with reservations or until it is explained further.

Ward Shanahan, Stillwater Mining Co, stated he had the same concerns expressed by **Mr. Donahue.** He was in the conference that set up the original bill. In the Hard Rock Impact Act, the developer is suppose to advance funds. There is then a scheme set up for credits against future taxes for the funds that are advanced. He wanted to be included in the subcommittee hearing on the bill.

Larry Dolezal, Lincoln County Commissioner, reiterated the concerns of **Mr. Donahue** and **Mr. Shanahan.**

REP. DARKO, Libby, stated that she is in the middle of a hornets nest with this bill. Any one who has gone through a large scale development in the county or district knows that there are many issues to deal with. She feels the 20% is negotiable and her goal is to make sure that the laws are fair for all the entities involved. Sanders County should be entitled to some kind of revenue by the fact that the ore is located in their county. It is by stroke of luck, that the development is being done in her county. These are factors that have to be weighed. HB 832 is a step in the right direction.

REP. ELLIOTT, Trout Creek, said that he represents Sanders County. Our present system of taxation is the benefit accrued from a large project gives the benefit to the taxing distribution district in which that project is located. It is the luck of the

draw who gets that. He does not agree with that taxing philosophy but that is what we have.

We now have a dilemma before us where the taxing district which has the raw wealth under the Hard Rock Mining Impact Act will no longer be privy to it. When the wealth is gone, it is gone and can not be taxed again.

He talked about the amount of money involved in the ASARCO-Troy Project which is the one of the world's largest silver mines. **Commissioner Dolezal,** prepared some figures for him: the metalliferous mines license tax is $200,000; the gross proceeds tax is $473,000; the personal property tax is $649,000, and the real estate tax is $116,000, for a total gross tax that goes to Lincoln County of $1,239,000. Twenty percent of the gross proceeds tax come to $95,000 or 8% of the total tax revenue that Lincoln County now enjoys from the ASARCO Project.

The other problem that needs to be addressed is where the metalliferous mines license taxes go. In HB 832, 25% of it goes to the county in which the mine is located. Statute says that a mine is mine at the point of extraction; in other words, the ore body. Now you have this language, the revenue section of the code, and the Hard Rock Impact section of the code which says 25% goes to the impacted taxing jurisdiction. There is a discrepancy that needs to be dealt with. This language gives the money to the counties that are impacted. If there is no impact, then it goes to the county in which the mine is located. This is a fair thing to do.

Opponents' Testimony: None

Questions From Committee Members:

REP. McCAFFREE asked **REP. ELLIOTT** if HB 832 addresses the difference in the same county between the school districts. **REP. ELLIOTT** said that it wouldn't address those differences. HB 832 addresses only the provisions of the Metalliferous Mines License Tax and the Hard Rock Mining Impact Act. **Carol Ferguson** stated that HB 832 deals with the two acts stated by **REP. ELLIOTT.** In the context of the bill, it deals with counties, towns, and school districts; but it does not affect oil, gas, or coal. **REP. ELLISON** stated that under the Hard Rock Mining Act, your mine property is all taken out of the tax base of the county where it is located. The taxes from that is then distributed where the impacts are.

Closing by Sponsor:

REP. ELLISON stated that this is a problem that will come up again and again if we don't do something about it. This is a policy decision that the committee will have to make.

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL DATE 3/14/91

NAME	PRESENT	ABSENT	EXCUSED
REP. DAN HARRINGTON	✓		
REP. BEN COHEN, VICE-CHAIRMAN	✓		
REP. BOB REAM, VICE-CHAIRMAN	✓		
REP. ED DOLEZAL	✓		
REP. JIM ELLIOTT	✓		
REP. ORVAL ELLISON	✓		
REP. RUSSELL FAGG	✓		
REP. MIKE FOSTER	✓		
REP. BOB GILBERT	✓		
REP. MARIAN HANSON	✓		
REP. DAVID HOFFMAN	✓		
REP. JIM MADISON	✓		
REP. ED MCCAFFREE	✓		
REP. BEA MCCARTHY	✓		
REP. TOM NELSON	✓		
REP. MARK O'KEEFE	✓		
REP. BOB RANEY	✓		
REP. TED SCHYE	✓		
REP. BARRY "SPOOK" STANG	✓		
REP. FRED THOMAS	✓		
REP. DAVE WANZENRIED	✓		

EXHIBIT 7
DATE 3-14-91
HB 832

Amendments to House Bill No. 832
First Reading Copy

Requested by Rep. Brown
For the Committee on Natural Resources

Prepared by Deborah Schmidt
March 13, 1991

1. Page 3, line 15.
Following: "impacts"
Insert: ", as described by increased employment or local government costs,"

EXHIBIT 8
DATE 3-14-91
HB 832

Amendments to House Bill No. 832
First Reading Copy

Requested by Rep. Ellison
For the Committee on Natural Resources

Prepared by Deborah Schmidt
March 13, 1991

1. Page 3, lines 2 and 3.
Following: "district."
Insert: "(5) The distribution formula specified in subsections (2), (3), and (4) may be modified by an impact plan approved as provided in 90-6-307 or amended as provided in 90-6-311, if that modification is needed in order to ensure a reasonable correspondence between the occurrence of increased costs resulting from the mineral development and the allocation of taxable valuation resulting from the mineral development."

EXHIBIT 9
DATE 3-14-91
HB 832

AMENDMENTS TO HOUSE BILL NO. 832
First Reading (white copy)

Explanation of amendments

The first and second amendments are to specify that the counties will receive the funds in direct proportion to the fiscal or economic impact finally determined by the plan.

1. Page 3, line 14.
Following: "or"
Strike: "proportionally"

2. Page 3. line 17.
Following: "90-6-307"
Insert: ", in direct proportion to the fiscal and economic impact determined in that plan"

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

TAXATION COMMITTEE BILL NO. HB 832

DATE 3/14/91 SPONSOR(S) Rep. Ellison

PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
DAVE Brown	State Rep #72	832		X
Paula Darko	A. Dist # 2	832		X
Bill Donahue	Libby Public schs. / Libby Chamber of Commerce	832		✓
Jim Edmonds	Libby, Mt	832		✓
Ward Hanaday	STILLWATER MINING	832	AMEND	
Benjamin Vaught	Libby Mont.	832		✓
Gerald R. Jones	Lincoln Co. Libby MT	832		✓
LARRY DOLEZAL	LINCOLN COUNTY COMMISSION	832	?	

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

EXECUTIVE ACTION ON HB 832

Motion: **REP. ELLIOTT MOVED HB 832 DO PASS.**

Motion: **REP. ELLISON** moved to amend HB 832. **EXHIBIT 11**

Discussion:

REP. REAM said that the Income/Severance Tax Subcommittee recommended to adopt **REP. BROWN'S** and **REP. ELLISON'S** amendments.

Vote: Motion to amend HB 832 carried unanimously.

Motion/Vote: **CHAIR HARRINGTON MADE A SUBSTITUTE MOTION THAT HB 832 DO PASS AS AMENDED.** Motion carried unanimously.

EXECUTIVE ACTION ON HB 809

Motion/Vote: **REP. GILBERT MOVED HB 809 BE TABLED.** Motion carried 16 to 5 with **REPS. O'KEEFE, WANZENRIED, COHEN, REAM,** and **HARRINGTON** voting no.

EXECUTIVE ACTION ON HB 929

Motion/Vote: **REP. STANG MOVED HB 929 BE TABLED.** Motion carried unanimously.

EXECUTIVE ACTION ON HB 973

Motion: **REP. STANG MOVED HB 973 DO PASS.**

Motion: **REP. STANG** moved to amend HB 973. **EXHIBIT 12**

Discussion:

REP. REAM said the Income/Severance Tax Subcommittee voted 8 to 1 Do Pass.

Vote: Motion to amend HB 973 carried unanimously.

Motion/Vote: **CHAIR HARRINGTON MADE A SUBSTITUTE MOTION THAT HB 973 DO PASS AS AMENDED.** Motion carried 17 to 4 with **REPS. GILBERT, M. HANSON, ELLIOTT,** and **McCAFFREE** voting no.

EXECUTIVE ACTION ON HB 790

Motion: **REP. REAM MOVED HB 790 DO PASS.**

Motion: **REP. REAM** moved to amend HB 790. **EXHIBIT 13**

Discussion:

REP. REAM stated that on Page 2, Line 16, reinsert "home health

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL DATE 3/22/91

NAME	PRESENT	ABSENT	EXCUSED
REP. DAN HARRINGTON	✓		
REP. BEN COHEN, VICE-CHAIRMAN	✓		
REP. BOB REAM, VICE-CHAIRMAN	✓		
REP. ED DOLEZAL	✓		
REP. JIM ELLIOTT	✓		
REP. ORVAL ELLISON	✓		
REP. RUSSELL FAGG	✓		
REP. MIKE FOSTER	✓		
REP. BOB GILBERT	✓		
REP. MARIAN HANSON	✓		
REP. DAVID HOFFMAN	✓		
REP. JIM MADISON	✓		
REP. ED MCCAFFREE	✓		
REP. BEA MCCARTHY	✓		
REP. TOM NELSON	✓		
REP. MARK O'KEEFE	✓		
REP. BOB RANEY	✓		
REP. TED SCHYE	✓		
REP. BARRY "SPOOK" STANG	✓		
REP. FRED THOMAS	✓		
REP. DAVE WANZENRIED	✓		

all here.

HOUSE STANDING COMMITTEE REPORT

March 22, 1991

Mr. Speaker: We, the committee on Taxation report that House Bill 832 (first reading copy -- white) do pass as amended .

Signed: _____
Dan Harrington, Chairman

And, that such amendments read:

1. Page 3, line 3.
Following: line 2
Insert: "(5) The distribution formula specified in subsections (2) through (4) may be modified by an impact plan approved as provided in 90-6-307 or amended as provided in 90-6-311, if the modification is needed in order to ensure a reasonable correspondence between the occurrence of increased costs resulting from the mineral development and the allocation of taxable valuation resulting from the mineral development."

2. Page 3, line 15.
Following: "impacts"
Insert: ", resulting in increased employment or local government costs,"

EXHIBIT 11
DATE 3-22-98
HB 832

Amendments to House Bill No. 832
First Reading Copy

For the Committee on Taxation

Prepared by Greg Petesch
March 20, 1991

1. Page 3, line 3.
Following: line 2
Insert: "(5) The distribution formula specified in subsections (2) through (4) may be modified by an impact plan approved as provided in 90-6-307 or amended as provided in 90-6-311, if the modification is needed in order to ensure a reasonable correspondence between the occurrence of increased costs resulting from the mineral development and the allocation of taxable valuation resulting from the mineral development."

2. Page 3, line 15.
Following: "impacts"
Insert: ", resulting in increased employment or local government costs,"

Closing by Sponsor:

Rep. Menahan closed by saying the land they are trying to develop has a direct relationship to the economic health of the community. As a result of the loss of millage, the fireman have been cut from 15 to 3 and the police force has been cut from 18 to 10. He felt ARCO has a social responsibility to help Montana as they made the mess and then walked away.

HEARING ON HOUSE BILL 832

Presentation and Opening Statement by Sponsor:

Rep. Ellison, District 81, said the bill addresses a problem in the hardrock mining impact act. A mine can be located in one county with the ore located in another county. The taxes go to the county where the mine is located and the county where the ore is located does not receive any tax revenue.

Proponents' Testimony:

Rep. Elliott, District 51, said the Niranda project in Lincoln and Sanders County has the ore in one county and the crushing plant in the other county. There is a discrepancy in the law in which 25% of the metalliferous mines license tax goes to the county in which the mine is located. By definition, the mine is the point of extraction. It is felt only fair that the law should be clarified and that the tax should be allocated to the taxing jurisdiction wherein an economic impact was felt in concord with the hardrock mining act. The second impact of the bill in the gross proceeds distribution. Under the hardrock mining act provisions, the gross proceeds are distributed to the taxing jurisdiction which suffers the economic impact. Ore is a wealth to the county and once it is extracted, it is gone and there can be no more benefit to the county. The larger issue is one of policy. There are a lot of counties with boundaries along ridge lines. He urged the committee to give serious consideration to the bill.

Ward Shanahan, Stillwater Mining Company, expressed support for the bill and it goes a long way toward solving the problems between counties.

Opponents' Testimony:

There were no opponents.

Questions From Committee Members:

Clarification questions were asked of Carol Ferguson, Executive Secretary, Hardrock Mining Impact Board. The questions did not impact the bill or decisions made on the bill, but were clearly of an informational nature.

Closing by Sponsor:

Rep. Ellison closed by saying he had no intention of complicating the existing system, rather the bill is intended to clarify definitions and distribution of tax revenue.

EXECUTIVE ACTION ON HOUSE BILL 832

Amendments, Discussion, and Votes:

Senator Harp moved to adopt the amendments as presented in Exhibit #2 from the Department of Revenue.

The motion CARRIED unanimously.

Recommendation and Vote:

Senator Harp moved HB 832 Be Concurred In As Amended.

The motion CARRIED unanimously.

HEARING ON HOUSE BILL 699

Presentation and Opening Statement by Sponsor:

Representative Ellison, District 81, said the bill exempts travertine and building stone from mines net proceeds taxation. The travertine mine at Livingston was originally opened by the railroad, but later abandoned when it proved not to be a lucrative venture. It is now a family owned business. The travertine is used as a decorative fireplace rock. It was not taxed as a valuable mineral until 1987 and then the tax was imposed by rule by the Department of Revenue. Rep. Ellison contended the tax should have been imposed by the legislature. He noted the firm does pay the RIT tax.

DATE 2/16

COMMITTEE ON Senate Taxation

HB 801 · 699 · 832 · 753 · 784 · 793 · 868 · 801

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One: Support	Check One: Oppose
Dwight Thoreson	Richland County	868	X	
James Steffen	Savage School Board	868	X	
Carol L. Ferguson	Hard. Rock Mining Impact Board	832		
Harlan D. Carlson	Richland		X	
Ward Hanaban	Atlantic Richfield	801		AMEND X
John McNeil	Savage Schools	868	X	
Don Truce	Savage Community Taxpayers	868	X	
Gordon Morris	MACE - Rosted/Mesabi	868/793	X	
Glenn Palachuk	Richland Co Comm.	868/793	X	
Sharon Harlen	Big Horn County	793/868	X	
Jim Elliott	HD 51	832	✓	
Jim Mackler	MN Coal Council	793 868	✓	

(Please leave prepared statement with Secretary)

ROLL CALL

SENATE TAXATION COMMITTEE

DATE 1/6/91

52nd LEGISLATIVE SESSION

NAME	PRESENT	ABSENT	EXCUSED
SEN. HALLIGAN	X		
SEN. ECK	X		
SEN. BROWN			X
SEN. DOHERTY	X		
SEN. GAGE	X		
SEN. HARP	X		
SEN. KOEHNKE	X		
SEN. THAYER	X		
SEN. TOWE	X		
SEN. VAN VALKENBURG	X		
SEN. YELLOWTAIL	X		

Each day attach to minutes.

EXHIBIT 2
DATE 1/6/91
BILL NO. HB 832

AMENDMENTS TO HOUSE BILL NO. 832
Third Reading (blue copy)

Explanation of amendments

The first two amendments are to specify that the counties will receive the funds in direct proportion to the fiscal or economic impact finally determined by the plan.

The second set of amendments cure what appears to be a drafting or printing error. The sentence doesn't make any sense.

1. Page 3, line 21.
Following: "or"
Strike: "proportionally"

2. Page 3, line 25.
Following: "90-6-307"
Insert: ", in direct proportion to the fiscal and economic impact determined in that plan,"

3. Page 3, line 25.
Following: "impact"
Insert: "plan"

4. Page 4, line 1.
Following: "90-6-307"
Strike: "or, if no impact plan has been prepared,"

SENATE STANDING COMMITTEE REPORT

April 8, 1991

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 832 (third reading copy -- blue), respectfully report that House Bill No. 832 be amended and as so amended be concurred in:

1. Page 3, line 21.
Following: "county"
Strike: ","
Strike: "proportionally to the"
Following: "counties"
Strike: ","

2. Page 3, line 25.
Following: "90-6-307"
Insert: ", in direct proportion to the fiscal and economic impacts determined in the plan,"

3. Page 3, line 25 through page 4, line 1.
Strike: "if" on page 3, line 25 through "or," on page 4, line 1.

Signed: _____
Mike Halligan, Chairman

4-8-91
Amd. Coord.

SB 4-8 2:10
Sec. of Senate

SENATE
HB 832